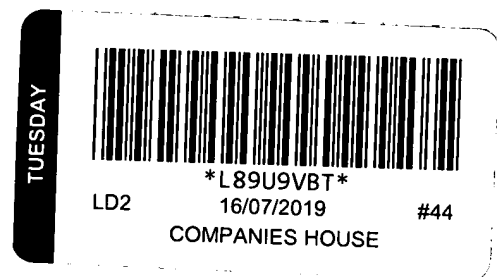


Company Registration Number: 01625838 (England and Wales)

CML MICROCIRCUITS (UK) LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019



CML MICROCIRCUITS (UK) LIMITED
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The directors submit their report and the audited financial statements for the year ended 31 March 2019.

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Director's Report, the Strategic Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU").

The financial statements are required by law and IFRS adopted by the EU to present fairly the financial position and performance of the Company. The Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing those financial statements, the Directors are required to:

- a) select suitable accounting policies and then apply them consistently;
- b) make judgements and accounting estimates that are reasonable and prudent;
- c) prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Principal Activity

The Company designs, manufactures and markets a range of semiconductor products for use in communications industries.

Directors

The following Directors have served since 1 April 2018: -

M I Gurry

L Watson (resigned 14th June 2019)

C N Wilson

C A Gurry

N B Pritchard

M J McCabe

Dividends

The Directors recommend the payment of a dividend of £ Nil (2018 - £990,186).

Results

The results for the year are set out in the Statement of Comprehensive Income on page 8. The Company's profit for the financial year was £787,655.

Research and Development

The Company actively reviews technical developments in its markets with a view to taking advantage of the opportunities available to maintain and improve its competitive position. This action involves the design and development of hardware and firmware for the semiconductor environment.

Future Developments

Our strategy continues to be to invest in the development of products in areas that we know and where the quality of our products and our competitive advantages enable us to achieve acceptable gross margins. The results achieved in the year demonstrates the success of this strategy.

Capital Risk Management

The Company has only one class of shares as detailed in note 20. Though no specific basis, such as the gearing ratio is used to monitor the capital, the Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce any debt.

Derivatives and Other Financial Instruments

Further information regarding these matters is provided in note 16.

Statement of Disclosure of Information to the Auditor

The Directors who were in office on the date of approval of these financial statements have confirmed that, as far as they are aware, that there is no relevant audit information of which the auditor is unaware. Each of the Directors have confirmed that they have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish it has been communicated to the auditor.

Auditor

A resolution to re-appoint RSM UK Audit LLP, Chartered Accountants, as auditor of the Company will be put to the members at the Annual General Meeting.

By Order of the Board



S Pierce
COMPANY SECRETARY

3 July 2019

Review of the Business

Our strategy continues on its path to grow customer share and expand the customer base through the development and marketing of products that offer increased functionality within the customers' end product. This includes expanding the product portfolio to include semiconductors with performance characteristics that are expected to widen the addressable market. The markets we operate in are exhibiting a number of growth areas including the transition to higher-capacity digital networks within voice-centric markets and, in data-centric markets, the increasing data throughput requirements from terrestrial and satellite communications applications. The latter is required to meet the needs of the growing M2M and IIoT sectors. New product releases over the last few years should serve to capture a higher share of a growing market over time. Our year-on-year results have reflected the need to navigate through selected third-party raw material supplier delays however, we do see an improving supplier outlook as we enter into the next financial year. A growing number of individual customer projects are reaching production status and so revenue has not yet be recognised in the current year and this period is set against a particularly strong performance in the prior year.

In total we released three new products across the year targeted at voice and data markets. We have expanded our wireless data offering with a new multimode data modem to enable faster data rates which is key to continued growth in IIoT applications. The launch of our 2.4GHz digital transceiver is our first complete IC for wireless voice above 1GHz which allows for long range and ultra low power operation. A new best in class low power digital voice codec completes the new product introductions that were scheduled for the year.

Principal Risks and Uncertainties

Key risks of a financial nature

The principal risks and uncertainties facing the Company are with foreign currencies and customer dependency. With the majority of the Company's earnings being linked to the US Dollar, a decline in this currency will have a direct effect on revenue, although since the majority of the cost of sales are also linked to the US Dollar, this risk is reduced at the gross profit line. Additionally, though the Company has a very diverse customer base key customers could represent a significant amount of revenue. Key customer relationships are closely monitored; however changes in buying patterns of a key customer might have an adverse effect on the Company's performance.

Key risks of a non-financial nature

The Company is a small player operating in a highly competitive global market that is undergoing continual and geographical change. The Company's ability to respond to many competitive factors including pricing, technological innovations, product quality, customer service, raw material availabilities, manufacturing capabilities and employment of qualified personnel will be key in the achievement of its objectives. The Company's ultimate success will depend on the demand for its customers' products since the Company is a component supplier. A substantial proportion of the Company's revenue and earnings are derived from outside the UK and so the Company's ability to achieve its financial objectives could be impacted by risks and uncertainties associated with local legal requirements (including the UK's withdrawal from the European Union, or "Brexit"), political risk, the enforceability of laws and contracts, changes in the tax laws, terrorist activities, natural disasters or health epidemics.

CML MICROCIRCUITS (UK) LIMITED
STRATEGIC REPORT FOR YEAR ENDING 31 MARCH 2019 continued

Key Performance Indicators

A range of performance measures to monitor and manage the business are used, some of which are considered key performance indicators (KPIs). These KPIs include revenue, gross profit, operating profit and cash flow.

	2018	2019
	£	£
Revenue	13,179,424	12,419,998
Gross Profit	10,554,538	9,668,223
Profit from operations	761,087	519,567
Cash at year end	7,644,801	7,654,587

The Company has continued to grow as per its business strategy throughout the year ending 31st March 2019. The profit from operations has declined from the prior year due to the decline in revenues and so gross profit while foreign exchange movements and all other costs have remained relatively stable.

By Order of the Board



S Pierce
COMPANY SECRETARY

Registered Address – Oval Park, Langford, Malden, Essex, CM9 6WG

3 July 2019

Opinion

We have audited the financial statements of CML Microcircuits (UK) Limited (the 'company') for the year ended 31 March 2019 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Cash Flow Statement and the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to Going Concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other Information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact

We have nothing to report in this regard.

Opinions on Other Matters Prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to Report by Exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement set out on page 1, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

CML MICROCIRCUITS (UK) LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS continued

Use of our Report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed

RSM UK Audit LLP

DAVID CLARK FCA
Senior Statutory Auditor
For and on behalf of RSM UK Audit LLP
Statutory Auditor, Chartered Accountants
25 Farringdon Street
London, EC4A 4AB

4 July 2019

CML MICROCIRCUITS (UK) LIMITED
STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2019

	Notes	2019 £	2018 £
Revenue	2	12,419,998	13,179,424
Cost of sales	3	<u>(2,751,775)</u>	<u>(2,624,886)</u>
Gross Profit		9,668,223	10,554,538
Distribution and administration expenses	3	<u>(9,151,806)</u>	<u>(9,812,221)</u>
		516,417	742,317
Other operating income	3	3,150	18,770
Profit from Operations		<u>519,567</u>	<u>761,087</u>
Finance income	6	46,871	26,231
Finance expense	6	<u>(3)</u>	<u>-</u>
Profit before Taxation		566,435	787,318
Income tax credit	7	<u>221,220</u>	<u>461,717</u>
Profit after Taxation		787,655	1,249,035
Total Comprehensive Income attributable to the Equity Owners of the Parent		<u><u>787,655</u></u>	<u><u>1,249,035</u></u>

There are no recognised gains or losses other than the profit for the financial year.

Revenue and operating profit derive from continuing operations.

CML MICROCIRCUITS (UK) LIMITED
 STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2019
 Company Registration Number: 01625838 (England and Wales)

	Notes	2019	2018
		£	£
ASSETS			
Non- current assets			
Property, plant and equipment	10	456,733	465,967
Development costs	11	5,358,811	4,424,262
Deferred tax asset	19	19,000	354,417
		<u>5,834,544</u>	<u>5,244,646</u>
Current assets			
Inventories	12	689,397	645,245
Trade and other receivables	13	1,387,477	1,120,099
Current tax assets		721,297	594,790
Cash and cash equivalents	15	<u>7,654,587</u>	<u>7,644,801</u>
		10,452,758	10,004,935
Total assets		<u>16,287,302</u>	<u>15,249,581</u>
LIABILITIES			
Current liabilities			
Trade and other payables	17	<u>(1,657,224)</u>	<u>(1,215,412)</u>
Non-current liabilities			
Deferred tax liabilities	19	(948,071)	(787,489)
Amounts due to group undertakings	18	(1,469,846)	(489,913)
Total liabilities		<u>(4,075,141)</u>	<u>(2,492,814)</u>
NET ASSETS		<u>12,212,161</u>	<u>12,756,767</u>
CAPITAL AND RESERVES			
Share capital	20	50,000	50,000
Retained earnings		<u>12,162,161</u>	<u>12,706,767</u>
TOTAL SHAREHOLDERS' EQUITY		<u>12,212,161</u>	<u>12,756,767</u>

The financial statements on pages 8 to 28 were approved and authorised for issue by the board on 3 July 2019.

Signed on its behalf by:



M J McCabe
 Director



NB Pritchard
 Director

CML MICROCIRCUITS (UK) LIMITED
CASHFLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

	Notes	2019 £	2018 £
Operating activities			
Net Profit before taxation		566,435	787,318
Adjustments for:			
Depreciation		176,839	175,678
Amortisation of development costs		2,110,831	1,868,874
Profit on disposal of property, plant and equipment		(3,150)	-
Finance income		(46,871)	(26,231)
Finance expense		3	-
Movement in working capital	9	1,110,251	(246,833)
Cash flows from operating activities		3,914,338	2,558,806
Income tax received		593,826	374,862
Net cash flows generated from operating activities		<u>4,508,164</u>	<u>2,933,668</u>
Investing activities			
Purchase of property, plant and equipment		(167,605)	(310,506)
Investment in development costs		(3,045,380)	(2,466,384)
Finance income		46,871	26,231
Net cash flows used in investing activities		<u>(3,166,114)</u>	<u>(2,750,659)</u>
Financing activities			
Dividends paid to shareholders		(1,332,261)	-
Finance cost		(3)	-
Net cash flows used in financing activities		<u>(1,332,264)</u>	<u>-</u>
Increase in cash and cash equivalents		<u>9,786</u>	<u>183,009</u>
Movement in cash and cash equivalents:			
At start of year		7,644,801	7,461,792
Increase in cash and cash equivalents		9,786	183,009
At end of year		<u>7,654,587</u>	<u>7,644,801</u>

CML MICROCIRCUITS (UK) LIMITED
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2019

	Share Capital £	Accumulated Profits £	Total £
As at 31st March 2017	50,000	11,457,732	11,507,732
Profit and total comprehensive income for year	-	1,249,035	1,249,035
As at 31st March 2018	<u>50,000</u>	<u>12,706,767</u>	<u>12,756,767</u>
Profit and total comprehensive income for year	-	787,655	787,655
Dividend paid	-	(1,332,261)	(1,332,261)
As at 31st March 2019	<u>50,000</u>	<u>12,162,161</u>	<u>12,212,161</u>

1 Accounting Policies

Company information

CML Microcircuits (UK) Limited is a private company limited by shares incorporated in England and Wales. The registered office is Oval Park, Hatfield Road, Langford, Maldon, Essex CM9 6WG.

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and IFRIC interpretations endorsed by the European Union (EU) and the requirements of the Companies Act 2006 applicable to companies reporting under IFRS.

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements.

(A) Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

The financial statements have been prepared on a going concern basis as the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

The Company's presentational currency is Pounds Sterling since that is the currency in which the majority of the Company's transactions are denominated. The Company's functional currency is Pounds Sterling.

(B) Going Concern

The Company's business activities, performance, position and risks are set out in these financial statements. The financial position of the Company, its cash flows, liquidity position, borrowing facilities and the use of financial instruments and policies relating thereto are detailed in the appropriate sections on pages 6 to 26 and elsewhere in the notes to the financial statements. The Company has considerable financial resources, and the Directors believe that the Company is well placed to manage its business risks successfully. After making enquiries, the Directors have a reasonable expectation that the Company have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

(C) Revenue

The Company recognises revenues from semiconductor products at the point of satisfaction of its performance obligation and at a determined transaction price. Revenues are recognised when invoices are raised and goods have been despatched to the customer and it is probable that the Company will collect the consideration. Revenue is measured at the fair value of the consideration receivable excluding discounts, rebates, Value Added Tax and other sales taxes or duties. Other income such as interest earned is recognised as earned. The company recognises its revenue in any given period in accordance with these measures and therefore does not recognise future revenues within current revenue. Product sales meet the definition of a distinct service whereby the associated revenue is to be recognised at a point in time, evidenced by the delivery of the products to the customer i.e. when control passes to the customer. Pricing is fixed and determinable pursuant to agree upon pricing lists that establish stand-alone selling prices. There are no further performance obligations associated with these sales. Warranties for all product sold or any loss or damage suffered by a purchaser only extends to the refund of the purchase price or replacement of the product originally sold regardless of how the claim has arisen therefore it is only accounted for on an actual identified potential liability, in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

(D) Property, plant and equipment and investment property

All property, plant and equipment are stated at historical cost. Depreciation is provided on all property, plant and equipment at rates calculated to write each asset down to its estimated residual value over its expected useful life, as follows:

Plant and equipment	25% straight line
Motor vehicles	25% straight line

The Company does not own any investment property, or freehold or leasehold premises.

(E) Inventory

Inventories are valued on a first in, first out basis and are stated at the lower of cost and net realisable value. In respect of work in progress and finished goods, cost comprises direct materials, direct labour and a proportion of overhead expenses appropriate to the business. Provision is made for obsolete and slow moving items.

(F) Taxation

The tax expense represents the sum of the tax currently payable, adjustments in respect of prior years and deferred tax. The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated by using tax rates that have been enacted or substantively enacted by the year end.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit. Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based upon tax rates that have been enacted or substantively enacted by the year end. Deferred tax is charged or credited in the statement of comprehensive income, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity.

(G) Foreign currencies

Assets and liabilities denominated in foreign currencies are translated at the rates of exchange at the balance sheet date. Transactions in foreign currencies are recorded at the rates ruling at the date of the transactions. All differences are taken to the statement of comprehensive income.

(H) Research and development costs

Development expenditures that satisfy the recognition criteria as set out in IAS 38 are shown at historical cost less accumulated amortisation since they have a definite useful life. In determining the period over which the carrying value of the intangible fixed assets are amortised, the Company is required to consider the likely period over which the developed products are likely to generate economic benefits. Amortisation is calculated using the straight-line method to allocate the cost of the development over a period of up to four years, representing the period over which economic benefit is derived from developed products and is charged to administration costs in the income statement. Research and other development expenditures that fall outside IAS 38 are charged to the statement of comprehensive income when incurred. An internally-generated intangible asset arising from the Company's business development is recognised only if all of the following conditions are met:

- an asset is created that can be identified;
- it is probable that the asset created will generate future economic benefits;
- the development cost of an asset can be measured reliably;
- the product or process is technically and commercially feasible; and
- sufficient resources are available to complete the development and to either sell or use the asset.

(I) Pensions

The Company is a member of the Group defined benefit scheme operated by the parent company, CML Microsystems Plc. The defined benefit scheme is accounted for as a defined contribution scheme on the grounds that the employer is unable to identify its share of the underlying assets and liabilities on a consistent basis. Therefore, the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

(J) Operating leases

Leases of property, plant and equipment where the Company has substantially all the risk and rewards of ownership are classified as finance leases. Leases in which a significant number of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Rental payments under operating leases are charged to the income statement on a straight-line basis. Rental income under operating leases is credited to the income statement on a straight-line basis and any contingent rents are recognised as income in the period to which they relate.

(K) Impairment of property, plant and equipment and intangible assets other than goodwill

At each year end, the Company reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If such indications exist, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs. The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset. If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease until the associated revaluation reserve is extinguished.

(L) Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual result. The amortisation period of development costs is considered to be a critical accounting estimate and judgement; details of which are referred to in accounting policy, section h. Deferred tax assets are only recognised when there is a reasonable expectation of recovery.

- **Research and development – measurement and amortisation**

Distinguishing whether development expenditure satisfies the recognition requirements for the capitalisation of development costs requires the exercise of judgement. The corresponding amortisation period is derived from existing developed products in the markets served and therefore the assumption is that new products will provide economic benefit for similar periods of time.

- **Recognition of deferred assets**

The extent to which deferred tax assets can be recognised is based on an assessment of probabilities that future taxable incomes in jurisdictions will be available against which the deductible temporary differences and tax loss carry-forwards can be utilised in the future.

(M) Financial instruments

(i) Recognition of financial instruments

Financial assets and financial liabilities are recognised when the company becomes party to the contractual provisions of the instrument.

(ii) Financial assets

Initial and subsequent measurement of financial assets

(a) Trade, group and other receivables

Trade receivables are initially measured at their transaction price. Group and other receivables are initially measured at fair value plus transaction costs. Receivables are held to collect the contractual cash flows which are solely payments of principal and interest. Therefore, these receivables are subsequently measured at amortised cost using the effective interest rate method.

(iii) Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Initial and subsequent measurement of financial liabilities

(a) Trade, group and other payables

Trade, group and other payables are initially measured at fair value, net of direct transaction costs and subsequently measured at amortised cost.

(b) Bank overdrafts

Bank overdrafts are initially measured at fair value, net of direct transaction costs and are subsequently measured at amortised cost. Finance charges, including premiums payable on settlement or redemption, are recognised in profit or loss over the term of the loan using an effective rate of interest.

(c) Equity instruments

Equity instruments issued by the Company are recorded at fair value on initial recognition net of transaction costs.

(iv) Derecognition of financial assets (including write-offs) and financial liabilities

A financial asset (or part thereof) is derecognised when the contractual rights to cash flows expire or are settled, or when the contractual rights to receive the cash flows of the financial asset and substantially all the risks and rewards of ownership are transferred to another party. When there is no reasonable expectation of recovering a financial asset it is derecognised.

The gain or loss on derecognition of financial assets measured at amortised cost is recognised in profit or loss.

A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Any difference between the carrying amount of a financial liability (or part thereof) that is derecognised and the consideration paid is recognised in profit or loss.

(N) Adoption of International Accounting Standards

(i) IFRS 15 'Revenue from Contracts with Customers'

With effect from 1 April 2018, the Company adopted full retrospective transition approach of IFRS15 'Revenue from Contracts with Customers' which introduces a new five step approach to measuring and recognising revenue from contracts with customers. Revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. It has replaced existing revenue recognition guidance, including IAS 18 Revenue.

The Company performed a review and an impact assessment of this Standard it was concluded that the Company's revenue streams are currently recognised at the point of its performance obligation and at a determined transaction price and therefore under IFRS 15, there was no material change in the timing and recognition of its revenue. Microchips involve both hardware and embedded software within a chip product, and revenues are recognised when invoices are raised and chip products are despatched. The Company recognises its revenue in any given period in accordance with these measures and therefore does not recognise future revenues within current revenue. Therefore, there is no need to restate prior year revenue recognised from contracts in the statement of comprehensive income.

While many of our companies have warranty arrangements with their customers, having reviewed the details of the warranty arrangements, these have been determined to be of an assurance nature and as such there is no material change in accounting required by IFRS 15.

(ii) IFRS 9 'Financial Instruments'

With effect from 1 April 2018 the Company adopted full retrospective transition approach of IFRS9 'Financial Instruments' which introduces new requirements for classification and measurement of financial assets and financial liabilities, impairment and hedge accounting. It has replaced existing standard IAS 39 'Financial Instruments: Recognition and Measurement'.

Following a review and further impact assessment, it was concluded that the Company's use of financial instruments is limited to short term trading balances such as receivables and payables. The Company has no net financial borrowings and does not have complex financial instruments in place in relation to foreign exchange. Given the straightforward nature of the financial assets for the Company, there have been no material changes in any level of impairment recognised compared to that based on current procedures and, due to the Company's receivable profile at the end of the reporting period in the current and prior year and history of bad debts, there have been no material changes arising from the adoption of the expected losses impairment model or loss allowance provisions made. Therefore, there is no requirement to restate prior year balances in the consolidated statement of comprehensive income.

Impairment of financial assets

An impairment loss is recognised for the expected credit losses on financial assets when there is an increased probability that the counterparty will be unable to settle an instrument's contractual cash flows on the contractual due dates, a reduction in the amounts expected to be recovered, or both.

The probability of default and expected amounts recoverable are assessed using reasonable and supportable past and forward-looking information that is available without undue cost or effort. The expected credit loss is

a probability-weighted amount determined from a range of outcomes and takes into account the time value of money.

For trade receivables, expected credit losses are measured by applying an expected loss rate to the gross carrying amount. The expected loss rate comprises the risk of a default occurring and the expected cash flows on default based on the aging of the receivable. The risk of a default occurring always takes into consideration all possible default events over the expected life of those receivables ("the lifetime expected credit losses"). Different provision rates and periods are used based on groupings of historic credit loss experience by product type, customer type and location.

(iii) IFRS 16 'Leases'

The company will adopt a modified retrospective approach of IFRS 16 'Leases' with effect from 1 April 2019. IFRS 16 eliminates the classification of leases as either operating or finance leases for lessees and introduces a single accounting model which is similar to the current account model for finance leases under IAS 17 Leases. The first Financial Statements published in accordance with IFRS 16 being for the year ending 31 March 2020.

Lessees will be required to recognise on the financial position a 'right of use' assets which represents the right to use underlying assets during the lease term and a lease liability representing the minimum lease payment for all leases. Depreciation of 'right of use' assets and interest on lease liabilities will be charged to the income statement, replacing the corresponding operating lease rentals.

The Company is currently assessing the impact of the new standard. The Company's future lease commitments for Land and buildings along with motor vehicles as at 31 March 2019, provides an indicator of the value to be brought on to the financial position, was £138,000. This aggregate total is an undiscounted amount. IFRS16 is not anticipated to have a material effect on the Company where it is acting in its capacity as lessor.

2 Revenue

The revenue of the Company for the year derives from the same class of business (business segment) as noted in the report of the directors.

	2019	2018
	£	£
Geographical classification of revenue (by destination):		
Europe	2,843,272	2,769,838
United States of America	2,148,794	2,828,989
Japan and Far East	7,106,268	7,073,939
Others	321,664	506,658
	<u>12,419,998</u>	<u>13,179,424</u>

In accordance with IFRS15, the Company's revenue of £12,420,000 is made up of revenue from customers which falls into one market application area of communications only and does not include any other revenue. Goods and services are transferred at a point in time, not over time, as detailed in the company's revenue recognition policy (see note 1).

The Company does not have any contract asset at 31 March 2019 (nil at 31 March 2018) as the Company does not fulfil any of its performance obligations in advance of invoicing to its customer. The Company however does have contractual balances in the form of trade receivables. See note 13 for disclosure of this.

The Company also does not have any contractual costs capitalised at 31 March 2019 (nil at 31 March 2018) or have any outstanding performance obligations at 31 March 2019 (nil at 31 March 2018).

3 Profit from Operations

	2019	2018
£	£	£
Profit from operations is stated after charging or (crediting): -		
Cost of sales: -		
Depreciation	100,847	105,655
Amount of inventories expensed, purchases and other stock movements	<u>2,650,928</u>	<u>2,519,231</u>
	<u>2,751,775</u>	<u>2,624,886</u>
Distribution costs	3,127,867	3,180,796
Administrative expenses: -		
Research and development	686,315	812,098
Depreciation	72,670	65,420
Amortisation	2,110,832	1,868,874
Auditor's remuneration - Audit fee	16,000	16,000
Operating lease rentals - vehicles	46,953	51,232
(Gain) / loss on foreign exchange	(54,284)	261,057
Other expenses (mainly staff costs)	<u>3,145,453</u>	<u>3,556,744</u>
	<u>6,023,939</u>	<u>6,631,425</u>
	<u>9,151,806</u>	<u>9,812,221</u>
Other operating income:		
Reimbursed bank charges and interest thereon	-	18,770
Proceeds from sale of fixed assets	<u>3,150</u>	<u>-</u>
	<u>3,150</u>	<u>18,770</u>

Statutory information on remuneration for other services provided by the Company's auditors and its associates is given on a consolidated basis in the group accounts of the parent CML Microsystems Plc. These are available from www.cmlmicroplc.com.

4 Employees

	2019 £	2018 £
Staff costs, including directors, during the year amounted to:		
Wages and salaries	4,129,162	4,368,135
Social security costs	478,081	521,624
Other pension and health care costs	364,533	643,461
	<u>4,971,776</u>	<u>5,533,220</u>

The average monthly number of employees including directors employed by the Company during the year was:

	No.	No.
Administration	13	11
Engineering	43	47
Manufacturing	28	29
Selling	12	11
	<u>96</u>	<u>98</u>

5 Directors' Emoluments

	2019 £	2018 £
Remuneration	380,282	376,678
Pension contributions - money purchase scheme	19,148	18,582
	<u>399,430</u>	<u>395,260</u>

The number of directors who were members of pension schemes operated by the Company's ultimate parent company was:

	No.	No.
Money purchase scheme	<u>3</u>	<u>3</u>

Emoluments in respect of the highest paid director amounted to:

	2019 £	2018 £
Remuneration	163,616	159,880
Pension contribution	7,646	7,080
	<u>171,262</u>	<u>166,960</u>

The amount of accrued pension in respect of this director at the end of the year was £nil (2018: £nil).

6 Finance Income and expense

	2019 £	2018 £
Bank interest receivable	<u>46,871</u>	<u>26,231</u>

	2019 £	2018 £
Bank interest payable	<u>(3)</u>	<u>-</u>

7 Income Tax Credit

	2019 £	2018 £
(a) Analysis of tax credit in period		
UK Corporation Tax on result for the year		
Current year	(721,297)	(594,790)
Prior years	<u>4,078</u>	<u>23,135</u>
Total current tax credit	<u>(717,219)</u>	<u>(571,655)</u>
Deferred tax:		
Origination and reversal of timing differences	500,137	115,764
Adjustments in respect of previous periods	<u>(4,138)</u>	<u>(5,826)</u>
Tax on profit on ordinary activities	<u>(221,220)</u>	<u>(461,717)</u>

(b) Factors affecting tax credit for period

The tax assessed for the period is lower than the standard rate of corporation tax in the UK of 19% (2018 : 19%).

The differences are explained below:

	£	£
Profit on ordinary activities before tax	<u>566,435</u>	<u>787,318</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018: 20%)	107,623	149,590
Effects of:		
Other timing differences	(18,692)	-
Expenses not deductible for tax purposes	5,791	5,654
Research and development tax credit	(651,299)	(622,320)
Adjustments to current tax charge in respect of previous periods	4,078	23,135
Adjustments to deferred tax charge in respect of previous periods	(4,138)	(5,826)
Assets not recognised and/or expired	335,417	-
Effect of reduction in deferred tax rate	-	(11,950)
Current tax credit for period (note 7(a))	<u>(221,220)</u>	<u>(461,717)</u>

8 Dividend - Proposed

It is proposed to pay a final dividend of £Nil per ordinary share of £1 (2018:£990,186).

9 Notes to Cash Flow Statement

	2019 £	2018 £
Movement in working capital:		
(Increase) / decrease in inventories	(44,152)	97,796
(Increase) in receivables	(267,378)	(206,950)
Increase / (decrease) in payables	441,812	(153,749)
Increase in amounts due to group undertakings	979,969	16,070
	<u>1,110,251</u>	<u>(246,833)</u>

Analysis of changes in net cash:	2019 £
Net cash as at 1st April 2018	7,644,801
Cash flow	9,786
Net cash as at 31st March 2019	<u>7,654,587</u>

10 Property, Plant and Equipment

	Plant and Equipment £	Motor Vehicles £	TOTAL £
COST			
At 31st March 2017	8,287,880	130,733	8,418,613
Additions	310,506	-	310,506
At 31st March 2018	8,598,386	130,733	8,729,119
Additions	151,225	16,380	167,605
Disposals	-	(11,495)	(11,495)
Reclassification	179,006	-	179,006
At 31st March 2019	<u>8,928,617</u>	<u>135,618</u>	<u>9,064,235</u>
DEPRECIATION			
At 31st March 2017	7,985,424	102,050	8,087,474
Charge for the year	163,955	11,723	175,678
At 31st March 2018	8,149,379	113,773	8,263,152
Charge for the year	165,943	10,896	176,839
Disposal	-	(11,495)	(11,495)
Reclassification	179,006	-	179,006
At 31st March 2019	<u>8,494,328</u>	<u>113,174</u>	<u>8,607,502</u>
NET BOOK VALUE			
At 31st March 2019	<u>434,289</u>	<u>22,444</u>	<u>456,733</u>
At 31st March 2018	<u>449,007</u>	<u>16,960</u>	<u>465,967</u>

11 Development Costs

	£
COST	
At 31st March 2017	14,663,278
Additions	2,466,384
Fully amortised costs	<u>(1,755,639)</u>
At 31st March 2018	15,374,023
Additions	3,045,380
Fully amortised costs	<u>(1,168,162)</u>
At 31st March 2019	<u><u>17,251,241</u></u>
 AMORTISATION	
At 31st March 2017	10,836,526
Charge for the year	1,868,874
Fully amortised costs	<u>(1,755,639)</u>
At 31st March 2018	10,949,761
Charge for the year	2,110,831
Fully amortised costs	<u>(1,168,162)</u>
At 31st March 2019	<u><u>11,892,430</u></u>
 NET BOOK VALUE	
At 31st March 2019	<u><u>5,358,811</u></u>
At 31st March 2018	<u><u>4,424,262</u></u>

12 Inventories

	2019 £	2018 £
Raw materials	362,435	246,727
Work in progress	168,603	189,904
Finished goods	<u>158,359</u>	<u>208,614</u>
	<u><u>689,397</u></u>	<u><u>645,245</u></u>

13 Trade and other receivables

	2019 £	2018 £
Amounts falling due within one year:		
Trade receivables	465,973	393,608
Amounts owed by fellow subsidiary undertakings	582,858	614,624
Other receivables	38,270	15,131
Prepayments	<u>300,376</u>	<u>96,736</u>
	<u><u>1,387,477</u></u>	<u><u>1,120,099</u></u>

14 Operating Lease Commitments

	2019 £	2018 £
Minimum lease payments under operating leases recognised as an expense for the period	<u>46,953</u>	<u>51,232</u>

At the end of the year the company had future minimum lease payments under non-cancellable operating leases, which fall due as follows:-

	2019 £	2018 £
Within one year	21,577	47,375
In the second to fifth year inclusive	<u>-</u>	<u>22,494</u>
	<u>21,577</u>	<u>69,869</u>

15 Cash and Cash Equivalents

	2019 £	2018 £
Cash at bank and in hand	<u>7,654,587</u>	<u>7,644,801</u>

16 Derivatives and Other Financial Instruments

Financial instruments

The Company's financial instruments can comprise cash balances, bank loans, overdraft facilities and items such as trade receivables and trade payables that arise directly from its operations. The overall objective of the Board is to reduce risks where possible within a competitive, dynamic and flexible trading environment. The Company has little exposure to credit and cash flow risk. It is, and has been throughout the year under review, the Company's policy that no trading in financial instruments shall be undertaken. The risks arising from the Company's financial instruments are interest rate, liquidity risk and foreign currency risk. The policies for managing these risks are summarised below and have been applied throughout the year.

Interest rate and liquidity risk

Cash balances are placed so as to maximise interest earned while maintaining the liquidity requirements of the business. The Directors regularly review the placing of cash balances. A significant movement in LIBOR would be required to have a material impact on the cash flow of the Company.

Foreign currency risk

At 31 March 2019, the Company had monetary assets denominated in foreign currencies of approximately £0.2m (2018: £0.4m), all of which was denominated in US Dollars.

Credit Risk

Current financial assets	2019	2018
	£	£
Trade and other receivables	504,243	408,739
Amounts owed by fellow subsidiary undertakings	582,858	614,624
Cash and cash equivalents	<u>7,654,587</u>	<u>7,644,801</u>
	<u>8,741,688</u>	<u>8,668,164</u>

The average credit period was 31 days (2018: 27 days). There were no provisions made, based on the knowledge of the financial circumstances of individual debtors at the year end, for estimated irrecoverable amounts from the sale of goods at the year end (2018: no provisions). The Company holds no collateral against receivables at the year end.

There are no significant credit risks arising from financial assets that are neither past due, nor impaired.

The Directors consider that the carrying amount of trade and other receivables approximate to their fair value. Cash and cash equivalents of £7,654,587 (2018: £7,644,801) comprise cash and short-term deposits held by the Group treasury function. The carrying amount of these assets approximates their fair values.

Financial liabilities	2019	2018
	£	£
Trade and other payables	602,602	496,532
Amounts owed to group undertakings	440,623	-
Accruals	<u>442,269</u>	<u>542,901</u>
	<u>1,485,494</u>	<u>1,039,433</u>

All balances are due within one year. The carrying amount of these liabilities approximates their fair values.

	2019	2018
	£	£
Long term creditors	<u>1,469,846</u>	<u>489,913</u>

Balances have no fixed repayment terms.

Sensitivity analysis*Foreign currency sensitivity*

The following table details the Company's sensitivity to a 10% change in exchange rates against the Sterling equivalents. The sensitivity analysis of the Company's exposure to foreign exchange risk at the reporting date has been determined based on the change taking place at the beginning of the financial year and held constant throughout the reporting period.

	US\$ impact	
	2019	2018
	£	£
10% movement in US\$ / GBPE exchange rates will have an impact on the results:		
Profit before taxation	558,000	646,000
Equity	594,000	676,000

The Company closely monitors its access to bank and other credit facilities in comparison to its outstanding commitments on a regular basis to ensure that it has sufficient funds to meet the obligations of the Company as they fall due.

17 Trade and Other Payables

	2019	2018
	£	£
Amounts falling due within one year:		
Trade payables	582,174	496,532
Amounts owed to group undertakings	440,623	-
Other taxation and social security costs	171,730	175,979
Other payables	20,428	-
Accruals	442,269	542,901
	<u>1,657,224</u>	<u>1,215,412</u>

18 Amounts due to Group Undertakings

	2019	2018
	£	£
Amounts falling due in more than one year:		
Amounts owed to group undertakings	<u>1,469,846</u>	<u>489,913</u>

19 Deferred Tax

	2019	2018
	£	£
The deferred tax asset is:		
Tax losses	-	335,417
Other timing differences	19,000	19,000
	<u>19,000</u>	<u>354,417</u>
At 1st April	354,417	354,417
Deferred tax debited in profit and loss account for year	(335,417)	-
At 31st March	<u>19,000</u>	<u>354,417</u>
The deferred tax liability is:		
R & D net book value	910,998	752,125
Accelerated capital allowances	37,073	35,364
	<u>948,071</u>	<u>787,489</u>
At 1st April	787,489	677,551
Deferred tax debited in profit and loss account for year	160,582	109,938
At 31st March	<u>948,071</u>	<u>787,489</u>
Net deferred tax liability	<u>(929,071)</u>	<u>(433,072)</u>

20 Share Capital

	2019 £	2018 £
Allotted, issued and fully paid:		
50,000 Ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>

The Company has only one class of ordinary share with no special rights, preferences or restrictions attached to them, including on the distribution of dividends or the repayment of capital.

21 Pension Commitments

The Company is a member of its ultimate Parent company's pension schemes. The Parent company operates several pension schemes. Today the majority of the Group's employees in the UK were members of defined contribution schemes. All schemes are operated by trustees, independent of operation by the Company and Group. The Trustees are responsible for the operation and governance of the schemes.

The group defined benefit scheme is run on a basis that does not enable included companies within the group to identify their share of the underlying assets and liabilities.

The latest available triennial actuarial funding valuation of the defined benefit scheme in the UK was prepared as at 31 March 2017. The purpose of this valuation is to design a funding plan to ensure that the pension scheme has sufficient funds available to meet future defined benefit payments. The most recent triennial actuarial valuation carried out by an independent professionally qualified actuary, as at 31 March 2017, resulted in a net pension surplus of £1,890,000 (1 April 2014: net pension deficit of £1,544,000). The market value of the assets of the scheme as at 31 March 2017 was £19,490,000 (1 April 2014: £15,727,000) and the actuarial valuation showed that these assets were sufficient to cover 111% (1 April 2014: 91%) of the benefits which accrued to members, after allowing for expected future increases in these benefits.

The main actuarial assumptions used were: allowance for future investment returns; i.e. the discount rate, of 4.8% p.a. both before and after retirement; pensions accrued prior to 6 April 1997 and after April 2005 will increase in payment at 3% p.a. compound; pension accrued between 6 April 1997 and 6 April 2005 will increase in payment at 3.7% p.a.; i.e. in line with RPI capped at 5% p.a., minimum 3% p.a. and early leaver revaluations will be at 2.85% p.a..

The valuation calculated under the funding valuation basis of £1,890,000 pension surplus above is different to the accounting valuation presented in the Group consolidated balance sheet of a net pension liability of £3,548,000. Differences arise between the funding valuation and accounting valuation, mainly due to the use of different assumptions to value the liabilities to be in accordance with the accounting standard IAS 19 Retirement Benefits, together with any changes in market conditions between the two valuation dates of 31 March 2017 and 31 March 2019. Therefore for funding valuation purposes the liabilities are determined based on assumptions set by the Trustee following consultation with the Company and scheme actuaries. For example, the discount rate used for the most recent funding valuation is based on a 4.8% discount rate. Whereas, in the financial statements the liabilities are determined in accordance with IAS 19 and this accounting valuation uses a discount rate predicated on high quality (AA) corporate bond yields of an appropriate term equating to 2.4%.

Funding of the defined benefit scheme is agreed with the Trustees following each triennial actuarial valuation and the following funding agreement has been put in place from 1 April 2018 until the earlier of any revised settlement arising from the next triennial valuation or by 31 January 2023 ("future revised date"); all administration expenses of running the Scheme are met directly by the Employer and all PPF levies (and any minor Scheme expenses e.g. Pensions Regulator levies) will be paid from the Scheme and will not be reimbursed by the Employer. The next triennial actuarial funding valuation will take place as at 31 March 2020.

GMP equalisation

On 26 October 2018, the High Court ruled in the Lloyds Banking Group case that the trustees are under a duty to make sure that equal benefits are paid, including where these benefits are in the form of GMP. As a result, all schemes with GMP rights will have to act to allow for equalisation of benefits for the effect of unequal GMPs. This is known as GMP equalisation.

As a result of the judgment, companies now need to make an allowance for the increase in the defined benefit obligation that they expect as a result of GMP equalisation. For this first reporting results since the judgement, the GMP equalisation allowance has been estimated by making allowance for scheme specifics such as benefit structure and liability profile. This results in a GMP equalisation allowance of 0.3% of the defined benefit obligation, which equates to £68,000 as at the date of the judgement. This increase in the defined benefit obligation has been recognised as a past service cost in the P&L account. Any future adjustments in respect of GMP equalisation, will be adjusted for within the Consolidated Statement of Total Comprehensive Income.

The total pension cost to the company for the year was £235,875 (2018 : £476,479) as follows:-

	2019 £	2018 £
CML Microsystems Plc Retirement Benefit Scheme	-	240,000
CML Money Purchase Scheme	235,875	236,479
	<u>235,875</u>	<u>476,479</u>

22 Guarantees

The company has provided an unlimited guarantee in respect of the bank facilities of CML Microsystems Plc. The liability at the end of the year amounted to £nil (2018 –£ nil).

23 Related Party Transactions

	2019 £	2018 £
Transactions and balances with other group companies include the following:		
Sales to group companies	<u>7,747,187</u>	<u>8,107,000</u>
Net balances due to group companies	<u>1,327,612</u>	<u>489,913</u>
	2019 £	2018 £
The remuneration of the key management personnel of the company, who are the company directors, is set out below:		
Wages and salaries (including benefits in kind)	380,282	376,678
Pension contributions	19,148	18,582
	<u>399,430</u>	<u>395,260</u>
Social security costs	45,122	45,395
	<u>444,552</u>	<u>440,655</u>

24 Ultimate Parent Company and Ultimate Controlling Party

The company's ultimate parent company is CML Microsystems Plc, the parent company of the largest and smallest group which includes the company and for which group accounts are prepared. Copies of the group Annual Report and Accounts of CML Microsystems Plc are available from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.